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General Counsel

19 March 1956

Chief, Audit Staff

Interpretation of Regulation [ ] regarding Insurance on  
Government-Owned Vehicles

1. A recent audit disclosed that the Agency is following the practice of reimbursing employees of the [ ] offices of the Contact Division, Office of Operations for the cost of automobile insurance on Government-owned vehicles in their custody. The propriety of this practice was questioned by the auditor because it appeared to be contrary to the established policy of the Government as a self-insurer of its vehicles. The following information was obtained by the auditor.

2. Officials of the Contact Division at Headquarters stated that they have followed this practice for several years in the belief that it was acceptable. Finance Division officials stated that they paid the claims under the provisions of Regulation [ ] paragraph 2.

3. In the belief that Regulation [ ] paragraph 2, is intended to apply [ ] the auditor investigated and ascertained that:

- a. The Contact Division does not consider any of its vehicles as [ ]
- b. Records of the Logistics Office applicable to these vehicles disclose that they were procured through General Services Administration, that they are serviced by the Government, and that they are registered in the name of either Central Intelligence Agency [ ]

- c. Contact Division officials stated that, for security reasons, some of their field vehicles must have [ ]

- d. A check of the types of insurance coverage used revealed that they are for liability, property damage and medical expenses only. Thus, the Government remains a self-insurer as regards the vehicle itself.

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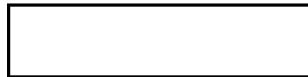
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- 2 -

4. Since there appears to be some question as to whether these payments should be made under the provisions of Regulation  paragraph 2, we would appreciate receiving your opinion in this matter.

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